

## **SETTLEMENT AGREEMENT**

1. **Parties:** The Parties to this Settlement Agreement are the United States of America, by and through its undersigned counsel, Rajbir Datta, Assistant United States Attorney for the Eastern District of Kentucky, and Four Star Resources, LLC, through the undersigned counsel, Billy Shelton.
  
2. **Conduct:** The United States Department of Labor, Mine Health and Safety Administration having conducted numerous mine inspections between July 2011 and June 2014 issued a total of forty-four (44) citations against Four Star Resources, LLC for violations of the Mine Health and Safety Act, 30 U.S.C. § 301, et seq. and regulations under 30 C.F.R. 100. The citations were consolidated into ten (10) debts, all of which remain unpaid. The debts are as follows:

| <b>USAO Claim Number</b> | <b>Outstanding Debt (as of 5/12/2017)</b> |
|--------------------------|---|
| 2017A54757               | \$464.00                                  |
| 2017A54743               | \$7,750.00                                |
| 2017A54756               | \$52,500.00                               |
| 2017A54725               | \$1,350.00                                |
| 2017A54760               | \$748.00                                  |
| 2017A54702               | \$3,143.00                                |
| 2017A54723               | \$350.00                                  |
| 2017A54711               | \$3,393.00                                |
| 2017A54759               | \$100.00                                  |
| 2017A54593               | \$2,128.00                                |

The total outstanding debt owed to the United States of America by Four Star Resources, LLC is \$71,926.00 plus interest and penalties in the amount of \$27,228.06 for a total outstanding debt, as of May 12, 2017, of \$99,154.06.

3. Nature of Settlement: The Parties understand and agree that this is a settlement and compromise of disputed claims and that neither this Settlement Agreement nor the payment and receipt of sums of money is to be construed as an admission by Four Star Resources, LLC for matters described herein.
4. Settlement Terms: The Parties recognize and seek to avoid the uncertainties and expense of litigation and thus agree to settle their difference as follows:
  - a. Settlement Amount: Upon execution of this Settlement Agreement, Four Star Resources, LLC agrees to pay to the United States a total of sixty thousand dollars (\$60,000) (hereinafter the "Settlement Amount").
  - b. Method of Payment: Payment of the Settlement Amount shall be made in four (4) installments of \$15,000 each month for four month. The first installment shall be due on January 15, 2018. Thereafter, each installment shall be due on or before the 15<sup>th</sup> of every subsequent month until the Settlement Amount is paid in full. The settlement agreement shall be deemed executed as of the last dated signature. Each of the installments are to be made payable to the United States Department of Justice and mailed to: Financial Litigation Unit, 260 W. Vine Street, Lexington Kentucky 40507.
5. Default: In the event Four Star Resources, LLC fails to pay any amount as provided in Paragraph 4 within five (5) business days of the date on which such payment is due, Four Star Resources, LLC shall be in default of its payment obligations ("Payment Default"). The United States will provide written notice of the Payment Default to Four Star Resources, LLC. Four Star Resources, LLC shall have the opportunity to cure such Payment Default within five (5) business




days from the date of receipt of the notice. Notice of Payment Default will be delivered to Billy Shelton, Esq., Shelton, Branham & Halbert PLLC 2452 Sir Barton Way, Suite 101 Lexington, Kentucky 40509, or to such other representative as Four Star Resources, LLC shall designate in writing. If Four Star Resources, LLC fails to cure such Payment Default within five (5) days of receiving the Notice of Payment Default, the United States, at its sole option may, among other actions, file a Civil Complaint demanding a judgment against Four Star Resources, LLC for the full amount of the outstanding debt.

6. Nondischargeability of Settlement Amount: Pursuant to 11 U.S.C. § 523(a)(7), the Settlement Amount is not dischargeable.
7. Costs: Each Party to this Settlement Agreement shall bear its own costs.
8. Effect on Persons not a Party: Nothing in this Settlement Agreement is intended to work a release of liability or in any way create a benefit in favor of any person not a party to this Settlement agreement.
9. Execution and Affect of Settlement Agreement: This Settlement Agreement contains the complete description of the Settlement between the Parties. All material representations, understandings, and promises of the Parties are contained in this Settlement Agreement. Any modifications to this Settlement Agreement must be set forth in writing and signed by all of the Parties. Four Star Resources, LLC represents that it enters into this Settlement Agreement freely and voluntarily, without any degree of duress or compulsion whatsoever, with knowledge of the events described herein, and upon the advice of legal counsel.

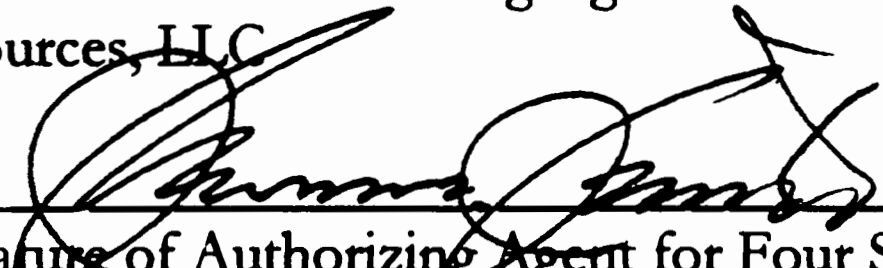
10. Capacity to Execute Settlement Agreement: Each Party signing this Settlement Agreement in a representative capacity warrants that he or she is duly authorized to do so.

ROBERT M. DUNCAN JR.  
UNITED STATES ATTORNEY

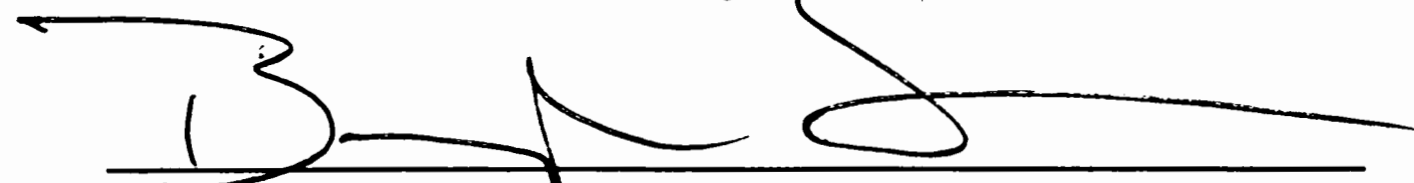
  
\_\_\_\_\_  
Rajbir Datta  
Assistant United States Attorney

Date: 1/19/2018

By: James C. Justice, III  
\_\_\_\_\_  
Print Name of Authorizing Agent for Four Star  
Resources, LLC

  
\_\_\_\_\_  
Signature of Authorizing Agent for Four Star  
Resources, LLC

Date: 1/17/18

  
\_\_\_\_\_  
Billy Shelton, Esq.  
Counsel for Four Star Resources, LLC

Date: 1/18/18